



KAREN BASS  
CONGRESS OF THE UNITED STATES  
37TH DISTRICT, CALIFORNIA

January 14, 2022

Governor Gavin Newsom  
State Capitol  
Sacramento, CA 95814

RE: Medicaid IMD Waiver for California

Governor Newsom,

I am writing to request that your administration seek a federal Medicaid waiver under Section 1115 of the Social Security Act. The waiver would authorize federal Medicaid reimbursements to psychiatric hospitals and related facilities classified as “institutions for mental diseases” (IMDs) for mental health treatment. This waiver would be similar to the waiver that California received from the U.S. Centers for Medicare and Medicaid Services (CMS) in 2020 for IMDs providing substance abuse treatment.

As background, the standard federal Medicaid program has for many years excluded payments to IMDs for mental health or substance abuse treatments. IMDs are defined as facilities with more than 16 beds that serve 50 percent or more of their admission for behavioral health issues, and thus include virtually all psychiatric hospitals. The prohibition was put in place many years ago to protect patients from unwarranted institutionalization. Tragically, this outdated policy has prevented millions of people with mental health and substance abuse challenges from receiving adequate treatment.

Partly in response to the opioid crisis, CMS began approving waivers from the IMD payment exclusion for treatment of substance abuse disorders in 2016. In 2018, CMS created a similar waiver for those with serious mental illnesses or emotional disturbances. California is currently one of 34 states that operate under the waiver from the substance abuse treatment exclusion, which it sought as part of its 2020 CalAIM waiver request. California has not, however, sought a waiver for mental health treatments.

I believe such a waiver is crucial to success in California's battle against homelessness. Real and enduring progress on the state's homeless crisis cannot occur until California addresses its mental and behavioral health challenges. According a 2019 analysis by Los Angeles Times, 51 percent of the homeless population in Los Angeles County was affected by mental illness, and 46 percent was affected by drug abuse. Absent an IMD treatment waiver, Medi-Cal patients with mental health disorders will almost certainly continue to face a vicious cycle of visits to overcrowded emergency rooms, a shortage of beds for psychiatric treatment, discharges without stabilization or connections to follow-up care, deteriorating health and, potentially, homelessness and incarceration.

In addition to this waiver application, I would also encourage your administration to explore with CMS an extension of the maximum reimbursement period from 30 days of treatment (60 days for homeless patients with complex disorders) up to 6 months of treatment for those with severe mental health disorders. Most behavioral health experts believe that 6 months is the minimum time needed to truly stabilize and treat patients with complex substance abuse and mental health disorders.

Thank you for your attention to this matter. Please let me know if there is anything I can do to help facilitate these requests.

Sincerely,

A handwritten signature in black ink that reads "Karen Bass". The signature is fluid and cursive, with the first name "Karen" and last name "Bass" clearly distinguishable.

Member of Congress